GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

UNSTARRED QUESTION NO:3466
ANSWERED ON:17.04.2000
BANK ACCOUNTS OF MTNL.
MANIKRAO HODLYA GAVIT

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the bank accounts of MTNL have been sealed;

(b) if so, the details thereof and the reasons therefor; and

(c) the steps taken by the MTNL in this regard?

Answer

MINISTER OF STATE FOR COMMUNICATIONS

(SHRI. TAPAN SIKDAR)

(a) All the bank accounts of MTNL were attached on 27.3.2000 by the Income Tax Deptt

(b) The assessing officer assessed the income of the Assessment Year 1997-98 and disallowed license fee and accordingly a demand of Rs.209 crores was raised by the Income Tax Deptt. MTNL approached the Assessing Officer, the commissioner of Income tax and CBDT to stay the demand as appeal against assessment order has been filed.

Since the request was rejected by all the above authorities, MTNL Board decided to file a writ petition before the Hon`ble High Court. Being Public Sector Undertaking, MTNL has to approach the Committee on dispute for resolving the dispute as per OM dated 24.1.94 issued by the Cabinet Secretariat in terms of the Supreme Court order in ONGC Vs Collector of Central Excise as reported in 1994 (70) ELT 45 (SC). MTNL informed the assessing officer, i.e. Jt. Commissioner of Income Tax and Commissioner of Income Tax informing them that the case is pending before COD and requesting not to take any adverse action against MTNL.MTNL was confident that the Income Tax Deptt. will not take such action of attachment of bank accounts as MTNL was not an assessee in default. On 27.3.2000 all the bank accounts of MTNL in Delhi and Mumbai were attached by the Assessment Officer .On 28th March 2000 , after the hearing in the High Court , Court directed the Income Tax authorities to lift the freezing of MTNL`s Bankaccounts immediately to enable MTNL to make the payment . Accordingly, on 29th March 2000 , the income Tax Authorities have withdrawn the attachment order .

(c) MTNL was forced to file a writ petition before the Hon`ble High Court of Delhi.Court felt that since MTNL has paying capacityfor Rs.200 crores, based on the plea made by Income Tax Deptt., that their collection target has fallen directed MTNL to deposit the amount. The case was posted on 26th April, 2000 to examine merits of the case.